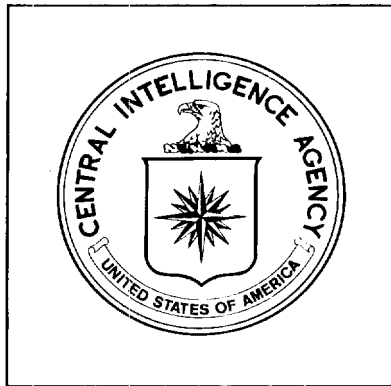


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No. 0161-75
March 26, 1975

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§ 5B (1), (2), and (3)
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WESTERN EUROPE — CANADA — INTERNATIONAL ORGANIZATIONS

This publication is prepared for regional specialists in the Washington community by the Western Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Austrian Foreign Ministry Scores Kreisky

The Austrian Foreign Ministry is unhappy with Chancellor Kreisky's domination of the country's foreign policy. According to [REDACTED] Kreisky acted independently on Austria's UN vote on the anti-Israeli resolution, the decision to withdraw support for a South African steel project, and an order cancelling the tour of the Austrian national theater to Israel. [REDACTED] claimed that Kreisky had made such decisions without benefit of the Foreign Minister's counsel or that of his ministry.

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Instead, Kreisky reportedly relies on Dr. Peter Jankowitsch, the Austrian ambassador to the UN in New York, and the Foreign Ministry is informed only after decisions have been made. The Chancellor may have been influenced on the steel project decision by the Algerian Foreign Minister Bouteflika, as well as by Jankowitsch. The opposition Austrian People's Party has criticized Kreisky for his methods.

[REDACTED] claimed that the Austrian Foreign Minister Eirch Bielka-Karltreu was complacent about his role in government and was content to follow the Chancellor's orders and nothing more. This is a mixed blessing, according to [REDACTED] who described Bielka-Karltreu as incompetent and out of touch with nearly all foreign policy issues.

There have been other reports of Kreisky's penchant for "personal" foreign policy. He is regarded as Austria's foremost foreign policy

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expert and often has his own view of issues. Bielka-Karltreu, on the other hand, is regarded as an interim foreign minister. He is 67 years old and, with more than 40 years of government service, is contemplating retirement after the October national elections. It is likely that Kreisky will continue to have a relatively free hand on foreign policy matters. (Secret No Foreign Dissem)

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Portuguese Communists Post Gains in Cabinet
Reorganization

The Portuguese Communists have strengthened their representation in the new government announced in Lisbon yesterday, although the two major non-Communist parties are still represented in the cabinet.

The new 21-man cabinet is comprised of 31 civilians and 8 military officers. Four parties are represented: the Communist, Socialist, and Popular Democratic parties and the Portuguese Democratic Movement, a Communist-dominated organization that enters the government for the first time. An independent who is sympathetic to the Democratic Movement was named economic coordination minister, giving the Communists greater influence in economic decisions.

The leaders of the four political parties were named ministers without portfolio. Socialist leader Soares was replaced as foreign minister by Major Melo Antunes, a Marxist who has generally been associated with the moderate wing of the Armed Forces Movement. Antunes will probably give Portuguese foreign policy a stronger Third World flavor, but he is not likely to press for major changes in Portugal's ties to the West.

Despite the demotion of Soares, the moderates came through the shuffle with some pluses. Justice Minister Zenha, a Socialist who was rumored to be on the way out, stays on, and the Popular Democrats are still represented, despite a concerted effort by the Communists to have them ousted.

A major loss for the moderates was the removal from the cabinet of Vitor Alves, a moderate member of the Armed Forces Movement who reportedly will be named ambassador to the UN.

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Although civilians constitute a majority in the cabinet, military officers hold most key positions, including that of prime minister and foreign minister, as well as the labor, defense, internal administration, public services, and social communications portfolios. Prime Minister Goncalves said recently that the military will stay in the government for another three to five years.

In a discussion with Ambassador Carlucci yesterday, President Costa Gomes suggested that events had taken Portugal further to the left than he had expected. Costa Gomes emphasized, however, that Portugal does not plan to reduce its commitment to NATO and that once the African situation is settled, more Portuguese troops will be placed at the disposition of the Alliance. He complained about Lisbon's exclusion from access to NATO's nuclear information.

The President blamed the recent violence in Portugal on Communists and non-Communists alike, and assured Ambassador Carlucci that the government is determined to hold the election next month on schedule. (Confidential No Foreign Dissem/Background Use Only)

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Transnational Corporations Being Discussed
in New York

The meeting of the UN Industrial Development Organization that just concluded in Lima has been the most recent visible forum for the continuing confrontation over economic issues between the developed and developing countries. A similar debate, however, has been going on at UN headquarters in New York where the UN commission on transnational corporations has been holding its inaugural session.

In July 1972 the UN's Economic and Social Council (ECOSOC)--primarily in response to demands by the developing states--appointed a group of experts to study the role of multinational corporations on development and international relations. Based on proposals submitted by this group, the Council set up a special committee that last December recommended the establishment of a commission to consider the full range of questions relating to multinational corporations.

The argument in New York now centers around the priorities that the commission assigns to its work program. There are four major issues before the commission and the developed countries feel that all four should receive equal priority. The developing countries, on the other hand, led by the Latin Americans and, as usual, Algeria, insist that the development of a code of conduct regulating the actions of the transnational corporations should be the commission's first order of business.

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The developed countries argue that more basic data and research on transnationals is necessary before a code can be drafted and that the type of data assembled must be strictly defined. They claim that the LDC's overly ambitious plans for a wide range of statistics--many of which could violate the confidentiality of business reporting--will result in an unmanageable work load and distract the commission from its legitimate and potentially worthwhile functions. (Confidential)

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